THE GOLD STANDARD BILLS.

# SPEECH

OF

# HON. GEORGE TURNER,

OF WASHINGTON,

IN THE

SENATE OF THE UNITED STATES,

Wednesday, February 7, 1900.

WASHINGTON.
1900.

# SPEECH

OF

# HON. GEORGE TURNER.

The Senate having under consideration the substitute proposed by the Committee on Finance to the bill (H. R. 1) entitled "An act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, and for other purposes"—

Mr. TURNER said:

Mr. PRESIDENT: We have before us for consideration both the original bill as it passed the House of Representatives and the substitute drafted by the majority of the Finance Committee of this body and reported to us by the latter in lieu of the original bill. The provisions of both measures are identical in their essence, and are intended to effectuate precisely the same objects. The only difference is that the language of the substitute is a little more subtle than that of the original bill, and accomplishes by the indirection of necessary but veiled construction some of the objects which the House bill openly and candidly avows. I think I shall show the essential agreement of the two measures before I conclude my remarks, and, since the House bill may in the end prevail against the Senate substitute, I think it safer to address my remarks to both measures rather than to the Senate substitute alone.

### OBJECTS OF THIS LEGISLATION.

The first and most important object of this legislation, as I read it, is to fix and fasten on the American people forever the single gold standard, and, by removing from the arena of contention the only nation whose voice in favor of silver might compel the respect of other nations, to fasten that standard on the world forever.

The next great object is to establish in favor of the national banks of the country a monopoly in the issue and control of all money save gold, and thereby to establish the great trust of trusts, around which all others shall revolve, paying homage to it in time of prosperity and drawing sustenance and support from it in the hour of adversity and threatened disaster.

These are the two great primary objects of both the House and the Senate bill. In devising the machinery to accomplish them it has been thought proper to decree several other results which, in the light of the primary ends sought, may be called subsidiary, but which are so startlingly brazen in their disregard of the rights of the people that, if they stood alone, they would command amazed and indignant attention from every lover of his country and his kind. For instance, it has been thought proper to strike down and reduce to the condition of token money the $600,000,000 of silver money in the country, now coined and in circulation, thus changing by a stroke of the pen an asset of $600,000,000 belonging to the United States and its people into an indebtedness due from them for that stupendous sum. Our Republican friends are not content to give the simple quietus to the white and shining hand-

maid of civilization for whom they lately professed so much love, but the dagger, after being driven into her heart, is to be turned round so that the wound will give to the world evidence of the ferocity which dealt it, and thus cow into submission the timorous voices which otherwise might lament and denounce and clamor against the cruel deed.

Another subsidiary result decreed is the increase by a quarter of a billion of dollars of the market value of the interest-bearing obligations of the Government in the hands of their individual holders. This is to be done not by legitimately appreciating the credit of the Government and thereby benefiting the holders of our securities—no one could complain of that—but it is to be done by giving up and surrendering a valuable option in our favor declared by the almost unanimous voice of the Government to exist as early as the year 1878, and which we expressly declined to surrender at the time of one of our later bond issues, although then offered $16,000,000 to give up the option in connection with that bond issue.

Another subsidiary object decreed is the contraction of the circulating medium of the country to the extent of more than $900,000,000 until such time as the national banks may have increased their capitalization sufficiently to enable them to supply the deficit, thus incurring the certainty of great loss and inconvenience and the very great risk of irreparable disaster.

Another most remarkable means to the accomplishment of the ends sought is the vesting in the Secretary of the Treasury of the power, in executing the main purposes of the law, to issue, at will and ad libitum, the interest-bearing bonds of the nation. The people of the country will not soon forget the extraordinary course resorted to by Mr. Cleveland to extricate his Administration from its financial difficulties, when, instead of using the $500,000,000 of full legal-tender silver money then lying in the Treasury, he increased the interest-bearing debt of the country to the extent of more than $250,000,000, by borrowing that amount of money in gold and issuing the bonds of the Government therefor. With the same amount of silver money still in the Treasury, it is now gravely proposed to confer on the Secretary of the Treasury, as an ordinary everyday prerogative, and for the very purpose of destroying the debt-paying quality of that silver, the power which Mr. Cleveland exercised in the last resort and as a desperate expedient. And all this in the face of a record of Republican clamor and abuse and objurgation against Mr. Cleveland only six years ago, in both branches of Congress and in the public press, and of protestation in favor of silver and of denunciation against those who would debase and degrade it, which ought to estop and conclude any political party from proceeding in the same direction now, and which would conclude and estop any party not calloused to criticism by a reliance on the power of wealth for its success rather than on the intelligent voice of the common people of the land.

### THE TWO BILLS ARE ONE.

Mr. President, I shall address myself to the task of showing by an analysis of these measures that the foregoing general summary of their purpose and effect is well within the limit of their provisions, and in so doing I shall make good as I go along my statement that the House bill and the Senate substitute are in effect one and the same thing. There is a declaration in each measure that the gold dollar shall be the standard unit of value and the

two declarations are almost identical in terms. There are provisions in the respective measures making all forms of money issued or coined by the Government redeemable in money of the standard value, namely, gold; and these provisions, while not identical in terms, are so in effect. The House bill, after providing for the redemption in gold of all interest-bearing obligations of the United States, and all United States notes and Treasury notes, and all other public obligations of the Government, makes this provision concerning the redemption of silver money:

SEC. 4. * * * And if at any time the Secretary of the Treasury deems it necessary in order to maintain the parity and equal value of all the money of the United States, he may, at his discretion, exchange gold coin for any other money issued or coined by the United States.

The transaction here described is called "exchange," but an obligation to exchange gold for any other "form of money issued or coined by the United States" is, of course, as everybody knows, an obligation to redeem that money in gold, and everybody knows, likewise, that silver is one of the "forms of money issued or coined by the United States." The Senate substitute effectuates the same thing in this regard as the House bill, but with more subtlety and less danger of exposure to criticism. It provides:

SEC. 1. That the dollar consisting of 25.8 grains of gold nine-tenths fine shall, as established by section 3511 of the Revised Statutes of the United States, continue to be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard; and United States notes and Treasury notes issued under the act of July 14, 1890, when presented to the Treasury for redemption, shall be redeemed in gold coin of such standard.

This is a direction to the Secretary of the Treasury to take such steps as he may deem necessary to keep silver at a parity with gold, and it means, as he will understand, and as it is meant that he shall understand, that he may, at his discretion, establish the practice that silver when presented at the Treasury will be redeemed in gold. It has been claimed heretofore by the Secretary of the Treasury, notably by Mr. Carlisle, and, if I am not mistaken, by Mr. Gage also, that the act of November 1, 1893, repealing the purchasing clause of the Sherman Act, conferred the power on the Secretary to redeem silver with gold when it declared it—

to be the policy of the United States to continue the use of both gold and silver as standard money, and to coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement or by such safeguards of legislation as will insure the maintenance of the parity in value of the coin of the two metals and the equal power of every dollar at all times in the market and in the payment of debts.

As matter of fact, this declaration is very far from conferring a power of redemption on the Secretary of the Treasury. Both gold and silver, according to that declaration, were to continue "as standard money" and to be coined into money of "equal intrinsic and exchangeable value," and this was to be done either by international agreement or the safeguards of Congressional legislation. Moreover, the Congressional legislation contemplated did involve the expedient of redeeming silver in gold, because thatnot would have been to discontinue silver "as standard money," and would have had the immediate result of destroying the "equal intrinsic and exchangeable value" of the money coined from the two metals. The difference between the declaration of the act of 1893 and the provision on the same subject found in the present Senate substitute and the far-reaching effect of the latter will be readily seen when the two are contrasted. The language of the act of 1893 was a declaration of governmental policy. That of this proposed law is a direction for administrative guidance.

The act of 1893 proposed to maintain, by and through the influence of legislation giving both metals a fair show, the equal intrinsic value of both silver and gold. This act proposes simply that silver money shall be maintained at a parity of value with the standard money, leaving it to the discretion of the Executive Department to adopt such means as it may deem expedient for that purpose, and indicating the means by providing for the redemption of other forms of money in gold. Finally, the act of 1893 was a declaration that silver should never be dishonored, and that its rank as one of the standard money metals would be maintained by this Government by every means at its command. This act has for its prime object the purpose to degrade and debase and dishonor silver; to strike it down absolutely as standard money; to deprive it of its character of money at all and to make it simply a representative of money.

A REPUBLICAN BUBBLE.

Our Republican friends will fail, I apprehend, when they go before the country and claim that this proposed law is simply a reaffirmation of former law, and that the power conferred by it on the Secretary of the Treasury is one which he has had and which he might have exercised at any time since the year of 1893. It is well that this bubble should burst before it has been fully blown. To more completely explode it I hope some Senator will, at the proper time, offer an amendment to section 1 of the Senate substitute, providing that nothing therein contained shall be construed as authorizing the Secretary of the Treasury to redeem at the Treasury, or elsewhere, with gold, any of the outstanding silver money of the United States. If our friends shall accept such an amendment, then, while I shall not admit that I am mistaken as to the effect of their proposed measure, I shall admit that I am mistaken as to the effect which its framers intended it to have. If they shall refuse to accept it, their action will be a confession that both the actual and intended effect of their guarded but skilfully worded legislation is such as I have described.

We have, then, in both of these measures, not only an affirmation of the single gold standard, but provisions designed to clinch that affirmation for all time by destroying absolutely and in toto the character of silver as money. When either measure shall have passed it will be the sheerest folly to continue the use of silver as money, because a token of much less marketable value and of infinitely greater convenience can be found to take its place. What would be thought of a policy of printing paper dollars on thick clumsy paper costing 60 cents per single sheet when paper equally as good and much more convenient for the purpose could be obtained for 60 cents per thousand sheets? Yet, when silver is degraded to the position of token money and made redeemable in gold, that is what we will be doing, in effect, if we continue its use as money. Better call the silver all in, melt it down into bullion and sell it for what it will bring in the market, and make all our token money both cheap and uniform by the exclusive use of paper.

I do not mean to argue that a place is not left for silver as a subsidiary token coin. The necessity of money of minor denominations for change and small transactions which this bill creates will leave that money a place in the business of the country, but it is a most insignificant place, and one which will still further dishonor and degrade the white metal. Moreover, it is a place which a very small volume of coin will adequately fill, and we

may well dismiss a consideration of it as unworthy of serious regard.

BANKS WILL CONTROL.

Now, to proceed a step further. Both the House bill and the Senate substitute are in substantial accord in the provisions designed to accomplish the second primary object described by me, namely, to create and establish in the national banks a monopoly in the issue and control of all money save gold. While neither the House bill nor the Senate bill makes provision against the reissue of silver coin when it shall come into the Treasury by exchange, redemption, or otherwise; yet, no longer being standard money, and deriving its value largely from the redemption quality attached to it, it can not, in good faith, be paid out to ordinary creditors; and if it should be so paid out at one counter of the Treasury, it could, under the operation of these proposed measures, be immediately taken to another counter and exchanged for gold. No one will want silver money, both because of the legislation discrediting it and because paper is more convenient to handle. No one will want silver certificates, payable exclusively in silver, because in order to turn them into gold, the money now which all must have, you must by one process of exchange first transmute them into silver dollars and then by a second exchange transmute the silver into gold. This can all be done by preferring the gold itself, or, if paper be desired for convenience, by insisting on the gold certificates which both these measures alike permit to be issued. Indeed, the very first fiscal operation the banks will undertake with the Government after the passage of either of these measures, unless they have put off the dross of humanity and take on the unselfishness of immortality, will be to transmute their silver dollars and silver certificates into gold certificates. They can first surrender their silver certificates and obtain silver. Then they can exchange the silver for gold. They can then deposit the gold and obtain gold certificates. As the outstanding silver dollars and silver certificates amount approximately to $500,000,000 and it is now proposed to increase the gold reserve to $150,000,000, this raid of the banks would require the Government to provide itself with $650,000,000 in gold. It now has in the Treasury approximately $250,000,000 in gold. It would be compelled to provide $400,000,000 more gold. The only way to do that would be to issue the 3 per cent bonds, which both of the proposed measures provide for just such an emergency, and to borrow on them the needed gold; so that the currency will not only be contracted $500,000,000 immediately if either of these measures be passed, but the people will have been saddled with $400,000,000 more of bonded indebtedness to the profit of the banks and of the money changers, whose intervention seems necessary whenever the Government needs to borrow money. Should the Government ever succeed in again forcing the silver into circulation, this operation could be repeated over and over again until we had absorbed all the surplus gold in the world and mortgaged ourselves therefor to an extent which neither our children nor our children's children would ever see the end of. The ability to repeat this endless-chain performance is the only thing that will ever again float silver beyond the Treasury doors, and the certainty that silver could and would be used for that purpose is the safe and sure guaranty afforded the banks that after it has once been redeemed it will never again see the light of day or ever again be permitted to vex and confound

them in their schemes to corner the money of the nation. So much for the silver money, both the coin and the certificates.

Our paper money, outside the gold and silver certificates and a very few currency certificates, is composed of $346,681,016 in United States notes, commonly called greenbacks, and $93,518,280 in Treasury notes, issued under the act of July 14, 1890, both amounting in the aggregate to $440,199,296. The House bill and the Senate substitute, while not identical in terms, are in substantial harmony in the provisions made to retire these forms of money from circulation. The language of the Senate substitute is:

And United States notes, and Treasury notes issued under the act of July 14, 1890, when presented to the Treasury for redemption, shall be redeemed in gold coin of such standard.

When this paper money has thus gotten into the Treasury, section 2 of the Senate substitute makes it the duty of the Secretary to use it in the following manner: First, to exchange it for any gold coin in the general fund of the Treasury; secondly, to exchange it for any gold which individuals may offer at the Treasury for that purpose, and third, to purchase gold with it in the open market at such rate of discount as may then prevail in the market. Now, since individuals may under both measures present their gold at the Treasury and obtain gold certificates for it, it is certain they would not part with their gold for a less satisfactory form of paper money. The only way, then, which this act leaves by which we may get the paper money in circulation again is to go into the open market and purchase gold with it. This would immediately place gold at a premium, and no Administration would either wish to do that or would dare to do it if it had the inclination.

GOLD AND NATIONAL BANK NOTES.

While the Senate substitute does not expressly declare that the paper money shall not be again paid out in the ordinary course of business, that is undoubtedly its purpose. The express mention of the manner in which it shall be dealt with by the Secretary is the exclusion of every other means of dealing with it. Expressio unias, est exclusio alterius. So that the Treasury notes and greenbacks, having once got into the Treasury, are there for all time and might as well be sent to the macerater at once. The House bill does directly and certainly what the Senate bill does by indirection, but with no less certainty. It provides:

The notes and certificates so redeemed or exchanged shall be held in and constitute a part of said redemption fund, and shall not be withdrawn therefrom nor disturbed except in exchange for an equivalent amount of the coin in which said notes were redeemed, or exchanged, etc.

The amount of money, then, which it is proposed to retire by this legislation is as follows:

| | |
|---|---|
| Silver, approximately | $500,000,000 |
| Treasury notes and greenbacks | 440,199,296 |
| Total | 940,199,296 |

This will be to withdraw from circulation almost one-half of the money in the country. If it were to be permanently withdrawn, everyone knows that the results would be frightful. I shall not accuse any person of desiring to produce results so baneful and sinister. Our Republican friends are simply endeavoring to create a hiatus into which the national banks may step. The idea in this regard is to vest them with the function heretofore exercised by Congress of regulating and controlling the money supply of the

nation. This has long been a favorite idea with the Secretary of the Treasury. We all remember his appearance before the House committee more than two years ago and the exposition of his policy at that time. He wanted to fasten the gold standard on the country and to vest the power to issue paper money in the banks, where it would be controlled by the law of supply and demand. The incident made a deep impression, because it was so soon after the Presidential election, in which the Republican party had pledged itself to secure bimetallism by international agreement; because we then had a commission in Europe endeavoring to negotiate such international agreement, and because when that commission returned its chairman excoriated the Secretary while complimenting the President on his steadfast adherence to principle. But it appears now that the Secretary was better acquainted with the purposes and views of the President than the distinguished Senator from Colorado who was chairman of the Monetary Commission. Note now what the President says in his last annual message, observe its agreement in every respect with the analysis which I have made of the provisions of these two measures, and then judge between the Secretary of the Treasury and the Senator from Colorado. The President says:

In its earlier history the national banking act seemed to prove a reasonable avenue through which needful additions to the circulation could from time to time be made. Changing conditions have apparently rendered it now inoperative to that end. The high margin in bond securities required, resulting from large premiums which Government bonds command in the market, or the tax on note issues, or both operating together, appear to be the influences which impair its public utility.

The attention of Congress is respectfully invited to this important matter with the view of ascertaining whether or not such reasonable modifications can be made in the national banking act as will render its service in the particulars here referred to more responsive to the people's needs. I again urge that national banks be authorized to organize with a capital of $25,000.

I urgently recommend that to support the existing gold standard, and to maintain "the parity in value of the two metals (gold and silver) and the equal power of every dollar at all times in the market and in the payment of debts," the Secretary of the Treasury be given additional power and charged with the duty to sell United States bonds and to employ such other effective means as may be necessary to these ends.

The authority should include the power to sell bonds on long and short time, as conditions may require, and should provide for a rate of interest lower than that fixed by the act of January 14, 1875. While there is now no commercial fright which withdraws gold from the Government, but, on the contrary, such widespread confidence that gold seeks the Treasury, demanding paper money in exchange, yet the very situation points to the present as the most fitting time to make adequate provision to insure the continuance of the gold standard and of public confidence in the ability and purpose of the Government to meet all its obligations in the money which the civilized world recognizes as the best. The financial transactions of the Government are conducted upon a gold basis.

We receive gold when we sell United States bonds and use gold for their payment. We are maintaining the parity of all the money issued or coined by authority of the Government. We are doing these things with the means at hand. Happily at the present time we are not compelled to resort to loans to supply gold. It has been done in the past, however, and may have to be done in the future. It behooves us, therefore, to provide at once the best means to meet the emergency when it arises, and the best means are those which are most certain and economical. Those now authorized have the virtue neither of directness nor economy.

We have already eliminated one of the causes of our financial plight and embarrassment during the years 1893, 1894, 1895, and 1896. Our receipts now equal our expenditures; deficient revenues no longer create alarm. Let us remove the only remaining cause by conferring the full and necessary power on the Secretary of the Treasury, and impose upon him the duty to uphold the present gold standard and preserve the coins of the two metals on a parity with each other, which is the repeatedly declared policy of the United States.

In this connection I repeat my former recommendations, that a portion of

the gold holdings shall be placed in a trust fund, from which greenbacks shall be redeemed upon presentation, but when once redeemed shall not thereafter be paid out except for gold.

REPUBLICAN PERFIDY.

Mr. President, no one in the Republican party any longer professes friendship for silver. Even the President, who thinks it the part of wisdom, if not of statesmanship, to follow where others would lead, has seen his way clear to advance to the position of the Secretary of the Treasury, and, throwing behind him the professions of an entire lifetime, has thought it well to recommend to Congress legislation designed "to support the existing gold standard." No one, however, who has studied the tendencies of the Republican party of late years and the peculiar characteristics of our honored Chief Executive is surprised, unless we except the junior Senator from Colorado. This exception appears to be necessary in view of the warm and impassioned eulogy which that Senator, on returning from his fruitless trip abroad, delivered on the President as an earnest and ardent friend of the cause of bimetallism. So clearly do both of these measures prove the abandonment by the Republican party of its former professed friendship for silver that the majority of the Finance Committee became alarmed, after reporting their substitute to the Senate, at the clear evidence of Republican perfidy thus afforded, and on yesterday they reported an amendment reviving the old farce of international agreement which was used with such dishonest effect in 1896. That amendment reads:

That the provisions of this act are not intended to place any obstacles in the way of the accomplishment of international bimetallism, provided the same be received by concurrent action of the leading commercial nations of the world, and at a ratio which shall insure permanence of relative value between gold and silver.

But the people of the United States can not be longer deluded with such chaff. The Secretary of the Treasury came to the conclusion more than two years ago that it was a worn-out expedient. The President has now evidently come to the same conclusion. The House of Representatives indorses both of them in that view. And before the dog days are done the Finance Committee of the United States Senate will be reluctantly compelled to see the matter in the same light.

Mr. President, it will be observed from my analysis of these measures, and also from the recommendations of the President's message, which both measures were framed to carry out, that I was justified in stating that the second primary object of this legislation was to vest a monopoly of money in the national banks. In anticipation of that result both measures make provision for increased facilities on the part of the banks to add to their circulation. The provisions in the House bill to that end are the most marked and pronounced and many radical changes are there proposed. The Senate substitute, pursuant to the policy, which appears to have been thought wise, of muddying the waters, is not quite so radical. However, it is sufficient, and under its provisions, if adopted, the banks will have no difficulty in adjusting themselves to an execution of the sovereign power there conferred on them. They can contract the circulating medium to the vanishing point or expand it to the bursting point at will, and the man little understands human nature who imagines that they will exercise this great power with any other view than that of their own enrichment. And the enrichment of one set of men

through the delegation of sovereign power means the impoverishment of everybody else. It always has been so on this earth, and always will be so until the millennium, and I fear, if this proposed legislation may be accepted as indicative of the average of human thought and purpose toward our fellows, that that beatific state of the world is still far in the indefinite future.

Mr. President, to be strictly accurate, the money to be retired from circulation under these measures in kind and amount is as follows:

| | |
|---|---|
| Silver dollars in circulation | $85,191,119 |
| Silver certificates outstanding, representing— | |
| Silver dollars in the Treasury | 402,136,617 |
| Treasury notes, act July 14, 1890 | 93,518,280 |
| United States notes, greenbacks | 346,681,016 |
| Total | 926,527,023 |

Add to this $150,000,000 gold reserve, to be maintained in the Treasury at all times, and this will require the Government, in the immediate future, to come into the possession of $1,076,527,023 in gold. Of this sum we now have in the Treasury $283,759,734. We will be required then to provide, in addition to the last-named sum, $792,767,289 more gold to meet the demands on the Treasury. These figures are stupendous, but the gold can be procured. We have not sufficient in this country to supply the amount needed, but our credit is good, and the entire world stands ready to honor our requisition when backed by the bonds of the nation. Both the Senate bill and the House bill are full in their provisions authorizing the issue of bonds to meet the necessities of the nation to be created by this great drain on the Treasury. I quote from section 2 of the Senate bill, so that the country may see how fully the authors of that measure realized the necessity of resorting to loans to meet the demand created by their bill:

> If the Secretary of the Treasury is unable to restore and maintain the gold coin in the reserve fund by the foregoing methods, and the amount of such gold coin in said fund shall at any time fall below $100,000,000, then it shall be his duty to restore and maintain the same by borrowing money on the credit of the United States, and for the debt thus incurred to issue and sell coupon or registered bonds of the United States in such form as he may prescribe, in denominations of $50 or any multiple thereof, bearing interest at the rate of not exceeding 3 per cent per annum, payable quarterly, etc.

Mr. President, this process of retiring our own money in order to give the banks a monopoly of furnishing the money supply will require an issue of bonds to the amount of $792,767,289. At 3 per cent per annum, the amount fixed by each of these measures, this will cost the taxpayers every year the sum of $23,783,018.67. If we adopt twenty years as the average life of the bonds, the taxpayers will have paid at the end of that time for the privilege of further enriching the national banks and investing them with autocratic power the sum of $475,660,373.40. These things come high to the taxpayer, but in this day and age, when our financial institutions are found contributing $15,000,000 to one political party in a single political campaign, the interests of the taxpayers, who have nothing but votes to give, and who can be bamboozled into giving them, are a secondary consideration.

GOLD FOR ALL OBLIGATIONS.

Mr. President, I proceed now a step further in my analysis of these measures. When it comes to an explicit direction making all the obligations of the nation payable in gold coin, the two

measures are somewhat variant. Section 2 of the House bill takes the bull by the horns and provides in express terms:

That all interest-bearing obligations of the United States for the payment of money now existing or hereafter to be entered into, and all United States notes and Treasury notes issued under the law of July 14, 1890, shall be deemed and held to be payable in the gold coin of the United States, as defined in section 1 of this act, etc.

The Senate measure is not nearly so explicit. Its authors apparently could see no virtue in being so direct and incriminating. After making silver to be redeemed in gold it did not seem necessary to their minds to make further provision directing the use of gold in paying the bonds of the nation. When the holders could take their silver and demand gold for it, it would simply be an avoidance of clumsy circumlocution for the Secretary to establish the practice of paying the bonds in gold in the first instance. Moreover, the bulk of our bonded debt is approaching maturity, and it was easier and far less embarrassing to make a renewal of those bonds the vehicle for introducing the gold-paying clause than to apply it directly to the present outstanding bonds, as the House bill does. Accordingly, we find the following elaborate provision in the Senate substitute for the refunding of our 3, 4, and 5 per cent bonds:

SEC. 6. That the Secretary of the Treasury is hereby authorized to receive at the Treasury any of the outstanding bonds of the United States bearing interest at 5 per cent per annum, payable February 1, 1904, and any of the bonds of the United States bearing interest at 4 per cent per annum, payable July 1, 1907, and any bonds of the United States bearing interest at 3 per cent per annum, payable August 1, 1908, and to issue in exchange therefor coupon or registered bonds of the United States, in such form as he may prescribe, in denominations of $50 or any multiple thereof, bearing interest at the rate of 2 per cent per annum, payable quarterly, such bonds to be payable at the pleasure of the United States after thirty years from the date of their issue, and said bonds to be payable, principal and interest, in gold coin of the present standard value, and to be exempt from the payment of all taxes or duties of the United States, as well as from taxation in any form by or under State, municipal, or local authority: *Provided*, That none of such outstanding bonds shall be received in such exchange at a valuation greater than their present worth to yield an income of 2¼ per cent per annum, and said bonds shall be issued at not less than par: *And provided further*, That such bonds when issued shall be numbered consecutively in the order of their issue, and when payment is made the last numbers issued shall be first paid, and this order shall be followed until all the bonds are paid; and whenever any of the outstanding bonds are called for payment interest thereon shall cease three months after such call: *And provided further*, That the Secretary of the Treasury may, in his discretion, pay, out of any money in the Treasury not otherwise appropriated, the difference between the present worth, computed as aforesaid, of the outstanding bonds surrendered in accordance with the provisions of this act and their par value.

Mr. President, the present worth of the outstanding bonds of the descriptions mentioned in the foregoing section is, on an average, about 1.12. This would entitle the holder of each outstanding $1,000 bond to receive in exchange a 2 per cent gold bond for $1,120. The income from this $1,120 bond, giving it an average life of twenty years, which, as it is payable any time at the pleasure of the Government, is a fair average, would be as follows:

| | |
|---|---|
| Annual interest at 2 per cent on $1,120 | $22.40 |
| Division of premium of $120 into 20 annual payments and applied each year for 20 years | 6.00 |
| Total | 28.40 |

This is equivalent to exchanging at par the present coin bonds for gold bonds bearing interest at the rate of 2.840 per cent per annum, or nearly 3 per cent.

Mr. ALLISON. Would I interrupt the Senator if I called his

attention to another portion of the bill, which he seems to have overlooked?

Mr. TURNER. Not at all.

Mr. ALLISON. That is, that there shall be no more of the bonds issued than the bonds taken up. So it is impossible to have an eleven hundred and twenty dollar bond as suggested.

Mr. TURNER. The bonds are to be taken up that are then outstanding, at the market value, and if you take up a thousand-dollar bond worth $120 premium on the market, how are you to get it without issuing bonds to cover the premium?

Mr. ALLISON. By paying the difference in money. It expressly provides for that. I merely call the attention of the Senator to the fact that the bonded debt is not increased under the bill.

Mr. TURNER. It is wholly immaterial whether it is paid in money or in bonds.

Mr. ALLISON. It may be immaterial, but it is a fact, nevertheless, that it is not paid in bonds.

Mr. TURNER. I apprehend when you go into this business you can not get this extra $120——

Mr. ALLEN. Will the Senator permit me?

Mr. TURNER. Certainly.

Mr. ALLEN. Mr. Gage, in his testimony before the House Committee two years ago, said it would increase the bonded indebtedness of the United States by $90,000,000.

Mr. ALLISON. But we have expressly provided here that it shall not.

Mr. ALDRICH. The Secretary of the Treasury was discussing another act, one framed upon a different basis.

Mr. ALLEN. It was substantially the same.

Mr. ALDRICH. Not substantially the same, because it proposed to issue an additional amount of bonds.

Mr. TURNER. More than all that, our friends on the other side can not be assured that their own substitute is going to pass. The House bill is to be considered here as well as the Senate bill. The bill we have here may not be the one which ultimately is to become the law.

Mr. ALDRICH. The House bill contains no provision of the kind—nothing in regard to refunding.

Mr. TURNER. I think it does. I think my analysis has shown it. But perhaps the Senator was not here when I was on that subject.

The method of exchange provided and the rate at which the exchange is to be made is, as I said, equivalent to 2.840 per cent per annum, or nearly 3 per cent. It is fully equivalent to 3 per cent, if not more, when we consider that the holders are to now receive the premium in a lump, instead of having it spread out over a long series of years, and that this premium lasts until the bonds are paid, and is paid when they are, instead of suffering the depreciation to which the premiums on all bonds are subject as the latter near maturity of payment. As we have been able at any time during the last ten years to float 3 per cent coin bonds at par, and even above par, it will be seen that the only difference between the House bill and the Senate substitute, so far as the provisions for the payment of our bonded obligations in gold are concerned, is that under the House bill they are to run until maturity at the present rate of interest, and then be payable in gold, which will be done by refunding them into gold bonds, while under the Senate substitute they are to be refunded into gold bonds

immediately, but at a lower rate of interest than they now bear. To the extent last stated the Senate substitute is an improvement on the House bill.

Under the operation of both measures, then, our outstanding bonds are to be made payable in gold. This follows as a necessary corollary of the provisions making gold the single and sole standard of money. If the one thing is to be done, the other must necessarily follow. But the cost is something to make one marvel. For more than twenty years we have had the following resolution concerning our bonded debt, known as the Stanley Matthews resolution, on our statute books:

*Resolved by the Senate (the House of Representatives concurring therein),* That all the bonds of the United States issued or authorized to be issued under the said acts of Congress hereinbefore recited are payable, principal and interest, at the option of the Government of the United States, in silver dollars, of the coinage of the United States, containing 412½ grains each of standard silver; and that to restore to its coinage such silver coins as a legal tender in payment of said bonds, principal and interest, is not in violation of the public faith, nor in derogation of the rights of the public creditor.

That resolution passed both Houses of Congress in 1878 by large majorities, and it received the vote, I believe, of every Republican then and now in public life. Under it, and with full knowledge of its terms, every Government bond now outstanding has been accepted by its holder. With half a billion dollars in silver money in the Treasury, we are now giving up our option to pay these bonds in that kind of money. If our credit were impaired there might be some reason for making the sacrifice. But our coin bonds, payable in either metal at the option of the Government, are selling in the market at from 10 to 40 per cent above par, the premium varying according to the interest rate and the length of time the bonds may run. Why are we doing it then? Because if the effort to strike down silver is to succeed, we must do it. To make gold the only standard money and then decline to pay in it would be ridiculous and absurd.

THE PRICE OF THE GOLD WHISTLE.

Now, how much are we paying in this matter alone for our new gold whistle? In the spring of 1895 Mr. Cleveland negotiated a loan of $62,315,435, and delivered 4 per cent bonds therefor. He notified Congress, however, that if it would consent to make the bonds gold bonds the purchasers would accept a rate of 3 per cent, and thus save the Government, during the life of the bonds, the sum of $16,174,770. Here is what Mr. Cleveland said to Congress:

The arrangement just completed * * * develops such a difference in the estimation of investors between bonds made payable in coin and those specifically made payable in gold in favor of the latter, as represented by three-fourths of a cent in annual interest. In the agreement just concluded the annual saving in interest to the Government, if 3 per cent gold bonds should be substituted for 4 per cent coin bonds under the privilege reserved, would be $539,159, amounting in thirty years, or at the maturity of the coin bonds, to $16,174,770.

Congress, however, declined, even for the proffered saving, to degrade silver by making the bonds payable in gold, and none were more vehement in denouncing the proposition than the Republican Senators and Representatives then in public life. Now, if there be the same proportional difference in value between all our outstanding coin bonds and strict gold bonds, and it is hard to see why there should not be, it is a mere matter of mathematical calculation to determine the value of the right we are now giving up. The proportion that 16,000,000 bears to 62,000,000,

applied to our entire bonded indebtedness, amounting to $1,300,000,000, gives us as a result, roughly speaking, $325,000,000. That sum, then, is the value of our option to pay in silver, which we are making a present of to the holders of our bonds. If it is worth that to them, it is worth that to us.

Yes, Mr. President, to speak broadly, it is worth ten times that sum to us, because if we retain it we will be in honor bound to maintain silver as a money metal, to enter on a policy which will support and uphold its dignity and sustain its purchasing and debt-paying power. In the enhanced value which a successful maintenance of that policy would give to our products now and in the future the sum of $325,000,000 would, by comparison, be a mere bagatelle. But I see nowhere in either of these measures any indication that the interests of the people of this country have been considered. The Republican party is legislating for the moneyed interests, and those interests require not cheap money and dear goods, but dear money and cheap goods; they require not an amplitude of money and an enhancement of prices, but a paucity of money and a decline of prices. Let it be so. I welcome this evidence of the solicitude of that party for their very dear friends. It comes at an opportune time. My only surprise is that the Republican party, with its record of shiftiness on this question, could get its own consent to come out into the open in a Presidential year and in advance of the casting of the votes.

A NEW SLAVERY.

Mr. President, the fight made in this country to preserve silver as money is the only issue we have had since the abolition of slavery which has appealed to the higher sensibilities of the human mind and aroused to life and energy the nobler emotions of the human heart. This is so because the question involves the never-ceasing conflict of interest between aggressive power, panoplied with all the aids that make for success, and impotent weakness, naked and helpless before its confident and ever-pushing adversary. In that conflict, bottomed as it is on the selfishness of human nature, strength is always advancing because it can and weakness receding because it must, and if there were not a power somewhere to throw its force into the scale and restore the equilibrium the process would go on until there was absolute dominion on the one hand and abject slavery on the other. It always has been so where power could work its will, and it always will be so. The overruling force that intervenes when the process has reached a point that provokes the attention of the world is the enlightened conscience of mankind. Such a conflict has been going on for the last twenty-five years throughout the entire world, strength being represented by the wealth of the few and weakness by the poverty of the many. The struggle has been to enhance the purchasing power of the money controlled by the former and to diminish thereby the selling power of the commodities produced by the latter. I would not say that any single individual has consciously acted on such a view. We are all of us prone to associate our own interests with those of our country, and this conflict has been going on between strong and weak nations as well as between strong and weak individuals. The creditor nation wants dear money and cheap commodities, the same as the creditor individual. And even the weak nation, like the weak individual, may feel called on to submit to the exactions of power, and to conform its fiscal and commercial policy to that of its neighbors, lest it meet with further aggressions, which might lay it helpless

and prostrate at the feet of its adversary. So that men of every nation are always able to bolster themselves with the satisfaction of believing that their action, however selfish it might be if it concerned their individual interests alone, is really based on a patriotic conception of that which is best for the interests of the country at large. But, however, it is the leaven of self-interest at bottom, scarcely perceived, perhaps not perceived at all, that turns the scale, and the individual generally finds himself acting with his own class and as his and its interests seem to require.

This conflict, I say, has been going on for the last twenty-five years, and it has taken the form of an attempt to lessen the supply of metallic money in the world in order that that which remains may increase in purchasing power, and thus further enrich its owners by an unearned increment to be paid by the masses in cheapened products. The governing powers of Europe, with this end in view, determined more than twenty-five years ago that silver should cease to be money, and they kept up the struggle until in a very short time every nation in Europe of any consequence had ceased to coin silver. We ourselves in 1873, through ignorance of the import of our action, forbade silver free and unlimited access to our mints, and thereby joined the coalition of the classes against the masses. But our statesmen soon realized what they had done, and then a struggle began to right the great wrong, which has continued with varying fortunes down to the present moment. At times it has seemed on the point of succeeding, but ignorance, weakness, and selfishness have always had the power to postpone victory, and now it would seem as if a combination of those forces was about to fasten the great iniquity of gold monometallism on the world for all time to come.

The Republican party does not lend itself to these forces in ignorance of the nature of its act or of the consequences which will ensue. On the contrary, it is proceeding with open eyes and in the light of long-continued discussion in which it participated, of legislative declarations which it helped to make, and of solemn party pledges which it may now ignore, but which will ever rise up to accuse and convict it of perjured faithlessness.

Mr. Blaine said in a speech in this body as long ago as 1878:

> I believe gold and silver coin to be the money of the Constitution—indeed, the money of the American people anterior to the Constitution, which that great organic law recognized as quite independent of its own existence. No power was conferred on Congress to declare that either metal should not be money. Congress has, therefore, in my judgment, no power to demonetize silver any more than to demonetize gold; no power to demonetize either any more than to demonetize both. * * * Few persons can be found, I apprehend, who will maintain that Congress possesses the power to demonetize both gold and silver, or that Congress could be justified in prohibiting the coinage of both; and yet in logic and legal construction it would be difficult to show where and why the power of Congress over silver is greater than over gold—greater over either than over the two. If, therefore, silver has been demonetized, I am in favor of remonetizing it. If its coinage has been prohibited, I am in favor of ordering it to be resumed. If it has been restricted, I am in favor of having it enlarged.
>
> * * * * * *
>
> I believe the struggle now going on in this country and in other countries for a single gold standard would, if successful, produce widespread disaster in the end throughout the commercial world. The destruction of silver as money, and establishing gold as the sole unit of value, must have a ruinous effect on all forms of property except those investments which yield a fixed return in money. These would be enormously enhanced in value, and would gain a disproportionate and unfair advantage over every other species of property. If, as the most reliable statistics affirm, there are nearly $7,000,000,000 of coin or bullion in the world, not very unequally divided between gold and silver, it is impossible to strike silver out of existence as money without results which will prove distressing to millions and utterly disastrous to tens of thousands. (From speech in U. S. Senate February 7, 1878.)

Mr. McKinley, in a public speech at Toledo, Ohio, as late as February 12, 1891, said:

During all of Grover Cleveland's years at the head of the Government he was dishonoring one of our precious metals, one of our own products, discrediting silver and enhancing the price of gold. He endeavored even before his inauguration to office to stop the coinage of silver dollars, and afterwards and to the end of his Administration persistently used his power to that end. He was determined to contract the circulating medium and to demonetize one of the coins of commerce, limit the volume of money among the people, make money scarce, and therefore dear. He would have increased the value of money and diminished the value of everything else—money the master, everything else the servant. He was not thinking of "the poor" then. He had left "their side." He was not standing forth in their defense. Cheap coats, cheap labor, and dear money! The sponsor and promoter of these professing to stand guard over the welfare of the poor and lowly! Was there ever more inconsistency or reckless assumption!

Between these speeches and before and since our political literature has been enriched with a wealth of discussion and illustration from Republican sources, and all in the same line, from which I would quote if it were not to weary the Senate with the iteration of things which it has heard so often and knows so well. I will content myself with the statement that almost every Republican statesman in public life to-day has at one time or another given utterances in this or the other Chamber, or on the stump, to language showing the most perfect familiarity with the true reason for the crusade against silver and the fullest comprehension of the baleful results to ensue to the people if that crusade should in the end be successful.

In 1888 Mr. McKinley, then chairman of the platform committee of the Republican national convention, reported to the convention and procured to be adopted on the subject of bimetallism, the following plank:

The Republican party is in favor of both gold and silver as money, and condemns the policy of the Democratic Administration in its efforts to demonetize silver.

In 1892 the Republican party adopted this platform on the subject of bimetallism:

The American people, from tradition and interest, favor bimetallism, and the Republican party demand the use of both gold and silver as a standard money, with such restrictions and under such provisions, to be determined by legislation, as will secure the maintenance of the parity of values of the two metals so that the purchasing and debt-paying power of the dollar, whether silver, gold, or paper, shall be at all times equal. We commend the wise and patriotic steps taken by our Government to secure an international conference and adopt such measures as will insure a parity between gold and silver for use as money throughout the world.

It is evident, then, that the Republican party is not now proceeding in ignorance of the principles underlying the question, or of the effect which must sooner or later ensue, should the present efforts of its leaders in Congress be successful. Our Republican friends have simply turned a deaf ear to their own teachings, and at the dictation of the selfish interests to which they have surrendered have abandoned the people to the evils they have so often foretold and which they foresee now as plainly as at any former period in the history of their party.

BOASTING OF A BUNCO GAME.

Mr. President, the silver question is not dead, but if it were so, as Republican orators and newspapers tauntingly proclaim, it might be written on its tombstone, "Dead in the house of its friends, and murdered by the author of its being." So certain are our Republican friends that it is dead that they have begun to quarrel over the question of who delivered the coup de grace. It is assumed that the money plank of the St. Louis con-

vention, that skilfully constructed juggle of words designed to read all things to all men, did the business, and two distinguished Republican citizens are proudly claiming the authorship of that plank. The controversy waxed so warm that it involved to a greater or less extent most of the shining lights who were at St. Louis assisting in that pious fraud, and nearly all of them have now spoken, giving such lucid testimony that both distinguished citizens feel fully confirmed thereby in the honor which they have claimed. For my part, speaking merely to the truth of history, and without desiring to disturb the satisfied equanimity which any man may feel in his achievements, I should as soon boast of a successful confidence game practiced on some confiding innocent as to claim credit for the financial plank of the St. Louis platform, because if a bunco game was ever successfully played, one was perpetrated when the people of the United States were induced by that plank to vote Mr. McKinley into the Presidential chair. If the silver question be dead, indeed, and these measures of legislation are intended for its burial, let it not be forgotten by our Republican friends that all must die, and that there is a resurrection morn when all shall stand before the great white throne, the deserving to drink of the water of eternal life, "But the fearful, and unbelieving, and abominable, and murderers, and whoremongers, and sorcerers, and idolators, and all liars, shall have their part in the lake which burneth with fire and brimstone."

No Republican to-day denies the principle, laid down by political economists without exception, that the general level of prices of all commodities is determined by the volume of money in existence, and that to decrease the volume of money is to decrease the general average of prices, and to increase the volume of money is to increase the general average of prices. They can not deny it, because it is too well established and has been too many times illustrated and proven in the history of the world. But they say that the output of gold has increased so enormously of late years that that metal is sufficient to bear the burden formerly borne by both gold and silver, and they point to the present alleged prosperity of our country in confirmation of their contention. But our prosperity, such as it is, is only comparative. It is based on a range of prices for all the products of the workshop, the forge, and the farm, which are 50 per cent less than those which prevailed twenty-five years ago, when silver was first struck down. Such a result, succeeding the true prosperity of that day, would have been starvation then; but succeeding a long period of starvation now, it may in a sense be called prosperity.

OUR PROSPERITY.

Without stopping to discuss the effect which the war with Spain and the present war with the Filipinos may have had in producing such prosperity as we now enjoy, or the influence thereon of a repeated failure of crops in other countries while our own have been bountiful, it is sufficient for the purposes of my argument to say that the claim of increased prosperity by reason of the bountiful output of gold, or the admission that that has had influence in that direction, is the highest confirmation of the correctness of those who in 1896 laid our evils to the striking down of silver, and who insisted that it could be corrected by again restoring silver to its full function as one of our money metals. It is striking proof of the fact that prosperity depends on the possession of an ample volume of primary money, capable of paying debts everywhere throughout the world. Now, with this fact conceded and empha-

sized, how can any fair-minded man, desirous of promoting the happiness and prosperity of our people, get his own consent to proceed to the final and irremediable destruction of silver money by the passage of either one of these measures now before Congress? Who can say how long this increased output of gold is to continue? And when it ceases, as it must do, sooner or later, what barrier are we then to interpose against the renewed appreciation of money and the renewed depreciation of all other forms of property? When that process shall again commence and proceed as far and as rapidly as it did from 1873 to 1900, our farmers will be serfs, our mechanics bondmen, and our laborers slaves. With the immediate past behind them and its lessons graven on their minds, with the prospective future before them and its consequences so clearly pointed out, to assume that the silver question is dead so long as the masses of our people have votes to give is to say that they do not deserve to be free and that they ought to be slaves.

THE FIGHT FOR THE RIGHT.

Mr. President, both our great political parties admitted for years that the striking down of silver was a crime against humanity, and both declared in their platforms time after time that our nation was strong enough to undo the crime, and that its duty to its own people required it to do so. I do not mean that they so declared in terms, but that was the effect of their declarations. Yet, notwithstanding these declarations, no matter which political party succeeded in securing the votes of the people, nothing was ever done to restore silver. At last, in 1896, when the condition of the country had become deplorable, public interest was aroused to a pitch which demanded not only a decisive declaration by both political parties, but the nomination of candidates whose history and personality would insure that the declarations made would be crystallized into law. The Republican party was the first to meet in national convention in that year, and instead of meeting the just expectations of the people by an explicit statement affirming its former declarations, making good the professions of its leaders, and exemplifying its long and illustrious career as the champion of human rights, it ingloriously surrendered itself to the selfish interests against whose aggressions the people were clamoring, adopted a juggling and deceptive platform, and then nominated William McKinley thereon for President of the United States.

The Democratic party was the next to meet in convention, and never did a political party in this country more gloriously respond to the demands of an imperious situation or the just expectations of an insistent people. The note which was then struck vibrated with the accents of earnestness and truth, and the great leader put forth was himself an inspiration and a platform. More than that, that party pulled down from their high places and expelled from the Democratic temple the unfaithful stewards who had so long stood in its way and stultified its most solemn and binding declarations. It did that which few political parties in their decadence have ever had the power to do. It renewed its youth, rejuvenated itself, dedicated itself anew to the cause of liberty and humanity. It made itself again the party of Thomas Jefferson, and stepped into the shoes of the Republican party as the true exponent of the principles of Abraham Lincoln. Its action was so glorious that another political party, young, strong, and vigorous, and formed in despair at the faithlessness of the old parties, melted into its embrace and

adopted its platform and its candidate; and hundreds of thousands of men who had never voted anything but the Republican ticket, moved by the manifest deception and trickery and chicane in their own party, of which they had long been tired and to which they had determined to no longer submit, let the scales drop from their eyes and sprang to the support of the standard erected by the loyalty and the courage and the conviction of a noble, an inspired, and a godlike Democracy.

It is not necessary to recount the struggle which followed. Everybody knows that the will of the people was defeated by force, by fraud, by intimidation, by corruption without parallel in the history of the country. But the gallant fight is to be renewed on the same lines and under the same leadership. And now that the Republican party has come out into the open, recanted even its hypocritical professions made at St. Louis, become the open advocate of all the industrial trusts, and made itself the father of the great monetary trust erected by the measures now pending and under consideration—the trust of trusts, which is to crush the lifeblood not out of labor alone, but out of every profession, avocation, and pursuit not allied to itself—who can doubt that the enlightened conscience of the nation will at last triumph over the force and fraud and corruption which before stood in its way and which will be again opposed to its just and humane demands?

Mr. President, I have here a discussion by Mr. Bryan upon the questions to which I have adverted in my remarks. Without reading it, I ask that it may be printed as part of my speech.

The PRESIDING OFFICER (Mr. McComas in the chair). In the absence of objection, it will be so ordered.

The paper referred to is as follows:

### BANK-NOTE DESPOTISM.

[William J. Bryan in the New York Journal.]

The advocates of the gold standard have a double purpose: First, they desire to make gold the only legal tender for the payment of debts, public and private. I have discussed this question on former occasions and pointed out that the necessary effect of such a law would be to create a greater demand for gold, which would then be the only money legally available for the payment of debts, and thus aid the money-owning class and injure the wealth-producing class.

The second purpose of the advocates of the gold standard is to make bank notes the only credit money.

In response to your invitation, I beg to submit a few arguments in support of the greenback as against the bank note. The greenback is issued by the Government, and the volume of such money is determined by the people, acting through their representatives. The Supreme Court has held that such a money can be made a legal tender. When a man has greenbacks in his pocket he has money which is available for the payment of his debts; if he has bank notes, his money is only good when the creditor is willing to accept the money.

During the war, when gold and silver were at a premium, bank notes circulated on a level with greenbacks and were never worth any more; the reason being that national-bank notes are payable in lawful money, and the greenback being lawful money (and at that time the cheapest money) was used by the banks for the redemption of bank notes. It is interesting now to hear these same bankers, who redeemed bank notes in paper when gold and silver were at a premium of over a hundred per cent, talk about the dishonesty of a debtor, whether the debtor be an individual or the Government, who would redeem his obligations in anything but the dearest money.

The bank note has been good because it has had behind it the bonds and the greenbacks issued by the Government. If the greenback is good enough to stand behind the bank note, it is good enough to stand alone without any bank note in front of it.

A national-bank currency is objectionable because it is gross favoritism extended to a few. A bill reported by the House Committee on Coinage, Weights, and Measures in the last Congress provided:

First, that the Treasurer of the United States pay out gold coin in re-

demption of greenbacks and Treasury notes; second, that the Secretary of the Treasury have authority to issue gold bonds, drawing not more than 3 per cent, to secure the gold to maintain gold redemption; third, that national banks be allowed to deposit bonds and receive bank notes up to the par value of the bonds so deposited; fourth, that the tax on the national banks be reduced. If this plan goes into operation, the difference in its effect upon the individual and the national bank may be stated as follows: The greenbacks are to be retired and bonds issued. This will mean an increase in taxes to pay the interest upon the bonds. The individual who enjoys no special privileges will find his taxes increased, while the national bank, that enjoys special privileges, will find its tax diminished.

Second. If the individual buys a bond at par, he will lose the use of his money and must content himself with the 3 per cent interest. If a national bank invests its capital in bonds at par, it can deposit the bonds and secure bank notes to the face value of the bonds, thus securing a return of its investment, and in addition to that it can draw 3 per cent interest upon the bonds. In other words, the individual parts with his money and draws interest, while the national bank gets its money back and draws interest besides. The individual must eat his cake or keep it. The national bank both eats its cake and keeps it. This is favoritism that ought not to be tolerated in a government which recognizes the doctrine of equality before the law. The moment the Government begins to confer special privileges those in a position to profit by favoritism begin to clamor for legislation immediately in their interest, and as a result the instrumentalities of government are used for private gain and the true purpose of government forgotten.

There is another objection to the national-bank currency, namely, that the national banks are given control over the volume of credit money. Power to issue money should never be intrusted to private individuals or private corporations. Jefferson was an opponent of banks of issue, and in one of his letters declared that his opposition was so persistent that he had been denounced as a maniac by those bankers who desired to secure this privilege from the Government. Benton, in summing up the work of Jackson, gave emphasis to his fight with the national bank, and compared his work with the work of Cicero, saying that when he destroyed the bank conspiracy he saved America as Cicero had saved Rome by overthrowing the conspiracy of Cataline.

Wendell Phillips has so well described the danger of allowing private individuals to control the volume of money that I quote from a speech made by him a few years before his death:

"In other words, it was the currency which, rightly arranged, opened a nation's well springs, found work for willing hands to do, and filled them with a just return, while honest capital, daily larger and more secure, ministered to a glad prosperity. Or it was currency, wickedly and selfishly juggled, that made merchants bankrupt and starved labor into discontent and slavery, while capital added house to house and field to field, and gathered into its miserly hands all the wealth left in a ruined land.

"The first question, therefore, in an industrial nation is: Where ought control of the currency to rest? In whose hands can this almost omnipotent power be trusted? Every writer of political economy, from Aristotle to Adam Smith, allows that a change in the currency alters the price of every ounce and yard of merchandise and every foot of land. Whom can we trust with this despotism? At present the banks and the money kings wield this power. They own the yardstick, and can make it longer or shorter, as they please. They own every pound weight and can make it heavier or lighter as they choose. This explains the riddle, so mysterious to the common people, that those who trade in money always grow rich, even while those who trade in other things go into bankruptcy."

The third objection to national banks of issue is that the moment the national bank is permitted to issue money, that moment it becomes, for pecuniary reasons, the enemy of any Government paper.

The banks are now urging that the issue of paper money is a function of the banks and that the Government ought to go out of the banking business. Our answer is that the issue of money is a function of government and that the banks ought to go out of the governing business. The Government can not afford to build up a strong financial interest hostile to the exercise, by the Government, of the right to issue and control both the metallic and paper money of the nation.

Our national-bank circulation rests upon Government bonds, and can not in amount exceed the total sum of bonds outstanding. Hence, if the banks are to supply an increasing amount of currency to meet the needs of increasing population and business, the national debt must perpetually increase.



O